SUPREME COURT, U.S.
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No. 03-1009

IN THE

Supreme Court of the United States

ESTATE OF BURNE HOGARTH, *et al.*,

Petitioners,

v.

EDGAR RICE BURROUGHS, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

The decisions below held that two commissioned works were owned by Respondent Edgar Rice Burroughs, Inc. as works for hire under the 1909 Copyright Act. The 1909 Act provided that an "'author' shall include an employer in the case of works made for hire," 17 U.S.C. § 26 (1976) (repealed), and that "an employer for whom" a work was "made for hire" was entitled to the "renewal and extension of the copyright in such work for the further term of twenty-eight years." *Id.* at § 24. The statute did not define a "work for hire" but left that to the courts, which established two separate and distinct ways a work could be for hire: one, if prepared by a traditional employee, and the other, if prepared by an independent contractor on commission at a hiring party's request.

As this Court explained, "[c]lassifying a work as 'made for hire'" under the 1909 Act, whether prepared by a traditional employee or created on commission, continues to have significance under the 1976 Act, *e.g.*, to the ownership of renewal copyrights and the availability of an author's newly-created right of termination. *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 737 (1989) ("*CCNV*"). It is not disputed that although the courts before 1965 "had applied the work for hire doctrine under the 1909 Act exclusively to traditional employees," *id.* at 749, thereafter the doctrine also was applied when a work was prepared at a hiring party's "instance and expense."

The questions the Petitioners actually raise are:

1. Whether there are "compelling reasons" for this Court to exercise its power of review to revisit the settled question of whether the Copyright Clause of the Constitution, or the 1909 and 1976 Copyright Acts, only allow a hiring party to own the copyright in a work for hire if it makes a significant, creative contribution to a work.

2. Should this Court revisit the correctness of the judicially-developed, Congressionally-approved 1909 Act "work for hire" test, and overthrow nearly four decades of established, uncontroverted case law defining pre-1978 commissioned works prepared by independent contractors at the "instance and expense" of the hiring party as works for hire when there is no conflict between this case law and any decisions of this Court – including this Court's historical discussion thereof in *CCNV* in 1989?

3. Should this Court take on such a belated review of a Circuit Court's nearly forty-year-long adherence to the uniformly-applied 1909 Act "work for hire" definition, in view of Congress' 1976 and 1998 decisions to incorporate this definition into the provisions determining the availability of an author's newly-created right of termination?

4. Should this Court review the above-referenced 1909 Act work for hire precedents, when, without regard to these post-1965 cases, there would still be no basis for overturning the ruling that the works at issue here were for hire because they were derivative works based upon underlying works whose copyright was owned by the commissioning party?

5. Should this Court review the Second Circuit's decision when a failure to affirm would overthrow the consistent application of the 1909 Act "work for hire" definition since 1965 and, *post facto*, confine ownership of the renewal copyright for pre-1978 works to only those works prepared by traditional employees in the regular scope of their employment, thereby creating chaos and uncertainty with respect to the copyright ownership of uncountable works and innumerable licensing arrangements?

CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Respondent Edgar Rice Burroughs, Inc. states that it is a privately owned California Corporation and has no parent or other company owning any of its stock.

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STATEMENT OF THE CASE

Petitioners have requested that this Court issue a writ of certiorari to review the judgment and opinion of the United States Court of Appeals for the Second Circuit affirming a trial decision of the United States District Court for the Southern District of New York only insofar as these rulings held that the renewal copyrights for two illustrated Tarzan books created as works for hire[1] in 1972 and 1976 were owned by the hiring party, Respondent (and defendant below) Edgar Rice Burroughs, Inc. ("ERB"), rather than by the hired artist Burne Hogarth. Because the decisions below are correct and do not raise any questions worthy of review by this Court, the Petition should be denied.

Background: Parties and Origin And Nature Of Case[2]

Respondent ERB is the family-owned and operated company formed in 1923 by the celebrated author, Edgar Rice Burroughs, to license and control rights based on his literary works, including the twenty-six "Tarzan" stories which began with *Tarzan of the Apes* published in 1912. (App. 3a, 46a-47a.) Since the author's death in 1950, ERB's business has been managed by one individual in a three-room office in Tarzana, California. (JA 1747, 1752-53.)[3] From 1912 to date,

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1. As this Court did in *CCNV*, we use the phrase "work for hire" interchangeably with the phrase "work made for hire" because the latter is more cumbersome, *CCNV*, 490 U.S. at 737 n.3, and also because any possible difference in their meaning does not relate to our discussion.

2. Because the Petition only seeks review of the lower courts' work for hire determination, we do not discuss or address, except as background, the facts or law relating to Petitioners' other claims based on, *e.g.*, the statute of limitations, laches, equitable estoppel or breach of contract. (*See* App. 2a, 12a-14a, 26a-29a, 32a-33a.)

3. References to "JA __" are to pages of the Joint Appendix to the Briefs herein filed in the Second Circuit Court of Appeals.

hundreds of millions of copies of Tarzan books and comic books, forty-eight full-length feature live-action and animated Tarzan motion pictures, seventy-five years of Tarzan newspaper comic strips, and innumerable Tarzan television programs have been distributed under license from ERB. (*See* App. 44a; JA 1748-49.)

The individual Petitioners' father, Burne Hogarth, was one of the myriad of artists hired by ERB to draw Tarzan over the years, including in the Tarzan newspaper strips from 1937-50, and later in the books at issue in this case, two commercially unsuccessful illustrated Tarzan storybooks published in 1972 and 1976 (the "Books"). (App. 3a, 7a-8a, 44a, 47a-48a, 58a-66a.)[4] When Disney's authorized, feature-length "Tarzan" animated motion picture was released in 1999, Petitioners wrote Disney a demand letter falsely claiming that Disney's artwork was copied from and infringed the copyright in their father's artwork. (App. 12a, 44a, 80a, 117a.) Petitioners also demanded that Disney's movie be withdrawn (App. 117a), and that a meeting be set up to negotiate a payment to them. (JA 161-63.) These claims were entirely unfounded because at that date Petitioners could not claim to own any copyrights in *any* of their father's Tarzan drawings. Their father's earlier Tarzan drawings for the newspaper strips concededly had been works for hire. (App. 42a n.24, 47a.) And, at the time this letter was written, Respondent ERB was unquestionably the exclusive first-term copyright owner of the Books, since the renewal terms that later became the subject of this litigation had not yet begun. (*See* App. 8a-12a, 16a, 44a, 66a-67a, 117a.) Both Disney and ERB rejected Petitioners' demands, noting, among other things, that Disney's animation was newly created, not based on earlier images of Tarzan drawn by any of the numerous artists engaged by ERB to do so since 1912. (App. 12a, 80a, 117a.)

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4. Under the parties' 1970 contract, ERB was and still is obligated to share 50% of its net monies from publications of the Books with Petitioners. (App. 54a-55a.)

A year later, when the first Book's renewal copyright term began, Petitioners sued ERB, but not Disney, for a declaration of their sole ownership of the renewal copyrights for both Books, and demanded 50% of ERB's compensation from the Disney movie attributable to the Books. (App. 12a, 44a-45a.) Petitioners admitted they would not have sued but for the Disney movie. (JA 320-21, 2203, *see* App. 44a.) Petitioners also frivolously claimed again that the artwork in Disney's movie was substantially similar to and had copied Hogarth's drawings from the Books, a claim not withdrawn until the eve of trial. (JA 1653-55; *see* App. 45a.) Petitioners alleged that Hogarth's artwork had not been work for hire because the Books were not produced at ERB's "instance and expense;" that Hogarth had only made an assignment to ERB of his copyrights in the Books; and that because he had died before the renewal terms had vested, such assigned rights had reverted to him upon his death, and that Petitioners therefore succeeded to the renewal term copyrights in the Books. (*See* App. 12a, 16a, 44a, 81a.)[5]

Simply put, by this action Petitioners sought – in addition to a share of the money Disney paid ERB to license Tarzan for its 1999 movie – to intrude on ERB's exclusive right to license Tarzan. By claiming that they exclusively own the renewal copyrights in the Books' illustrations, which they could freely use because the original stories on which they are based are in the public domain, Petitioners sought to acquire for themselves alone the rights to market the Tarzan character as depicted in these works. This goal is as legally

5. If, as found below, Hogarth's illustrations for the Books were in fact works for hire under the 1909 Act "instance and expense" test, then under section 24 of the 1909 Act the renewal term copyrights were owned by ERB, and there was no such reversion. 17 U.S.C. § 24 (1976) (repealed). Petitioners never raised below the issue they now put forth in the Supreme Court – whether the judicially-developed 1909 Act work for hire test, as applied to commissioned works, was unconstitutional or legally unsound.

unfounded as it is unfair: Hogarth did not create Tarzan, and the Books are derivative works based not only on the underlying Edgar Rice Burroughs literary works but also upon the "highly distinctive and still widely acclaimed style of illustrating Tarzan and his universe" (App. 4a, *quoting* the District Court (at App. 47a)) that Hogarth developed for the 1937-50 "comic strips, which are conceded to be works for hire" (App. 42a n.24), for which there is still copyright protection, and of which ERB is the exclusive owner today.[6] As noted by the District Court: "[w]e need not explore here the ramifications for ERB's rights with respect to both trademark and copyright if the heirs of one of Tarzan's many illustrators are found somehow to have gained an ownership interest in even one part of that legacy." (App. 96a.)

Respondent's defenses included, first, that ERB was the sole copyright owner of the Books' original and renewal term copyrights based, *inter alia*, on the long-established 1909 Act "instance and expense" work for hire test, which was especially applicable to cases where the copyright owner of a pre-existing work engages another to prepare a derivative work based thereon, such as another version or adaptation. (App. 12a-13a, 16a, 45a, 96a.) Alternatively, ERB asserted that it was the joint author of the Books because of its employee Robert Hodes' contribution to the texts and illustrations of the Books, and because the Books used the original Tarzan stories written by Edgar Rice Burroughs, who had always envisioned and originally used illustrations to accompany them. (*See* App. 8a, 10a, 35a n.6)[7]

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6. Under Section 103 of the 1976 Act, no one could use ERB's preexisting material without its permission. *See* 17 U.S.C. § 103 (2004).

7. As explained in note 8 below, the Second Circuit's statement that ERB disclaimed its alternative joint-ownership at argument is incorrect.

Discussion of Opinions Below

District Court – Petitioners' claims were tried to the Court. (App. 45a.) In the "facts meticulously detailed in Judge Cote's comprehensive opinion," (App. 3a), which the Second Circuit affirmed, and which are not challenged here, the District Court found that Petitioners brought this suit after the success of the Disney's 1999 Tarzan movie in an attempt to leverage Hogarth's illustration of the Books into a participation in ERB's movie profits. (App. 44a.)

The District Court found: that the creation of the Books began with ERB's decision to have illustrated books produced on the basis of the 1912 novel *Tarzan of the Apes* and the 1916-17 collection *Jungle Tales of Tarzan* (App. 50a, 64a, 86a), the still-effective copyrights for which were owned by ERB; that Hogarth's drawings for the Books were made at ERB's instance and expense, and subject to its right to direct and supervise (App. 84a-94a); that the parties in their 1970 written agreement did not contract around the work for hire consequences of these facts by an express reservation to the contrary (App. 94a-97a); that the extensive revisions and adaptations of the underlying Tarzan stories to produce the Books' texts made by ERB's Vice President Robert Hodes, for which he was expressly credited therein, constituted authorship contributions by ERB through its employee (App. 58a, 60a, 65a, 83a-84a, 86a-87a, 110a-111a n.1); that Hodes also made notable and observable creative contributions to the artwork for the 1972 Book (App. 94a, 111a n.1); and that the Books' authorship included, as well, Edgar Rice Burroughs' original literary works embodied therein.[8]

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8. Because of the District Court's holding that the Books were "works for hire" the renewal terms of which were owned solely by ERB, it did not find it necessary to rule upon ERB's alternative joint work contention based upon these fact findings. However, ERB continued to argue this contention in the Court of Appeals as a further ground for (Cont'd)

(App. 50a, 53a, 58a-60a, 64a-65a, 86a-87a, 91a-92a, 94a, 110a-111a n.1.) In rejecting Petitioner's contention, repeated herein, that because paragraph 8 of the parties' 1970 written agreement only contained, in effect, an assignment of Hogarth's copyrights, it reserved to him the renewal copyrights, (Pet. 15), the District Court found persuasive both: (a) the strong evidence that this ambiguous clause, which does not use such words as "hereby assigns," was employed by ERB to ensure that it would own the common law copyright rights before the Books' publication; and (b) the explicit reference in it to ERB "as the 'proprietor' of the copyrights," a term "used by the 1909 Act and case law under it to refer to employers who induce creation of a work for hire and thus own the copyright in it." (App. 94a-96a (citation omitted)).

Second Circuit – After noting that both ERB and Petitioners filed applications for renewal copyright for the first Book on the same date (App 9a-10a), the Court of Appeals affirmed the District Court's decision.[9] In doing

(Cont'd)
affirmance, including the same as an argument point in its appeal briefing, and never indicating anything to the contrary at argument. ERB's joint work contention was based not only on its employee Hodes' new textual adaptations but also the Books' use of the original Edgar Rice Burroughs literary works. The Court of Appeals' dictum on the latter point, (App. 40a n.19), curiously cites a case, *Durham Industries, Inc. v. Tomy Corp.*, 630 F.2d 905 (2d Cir. 1980), involving no joint work claim or issue and without considering the controlling precedent. *See Edward B. Marks Music Corp. v. Jerry Vogel Music Co.*, 140 F.2d 266, 267 (2d Cir. 1944) (L. Hand, J.), *judgment modified*, 140 F.2d 268 (2d Cir. 1944); *Donna v. Dodd, Mead & Co.*, 374 F. Supp. 429, 430 (S.D.N.Y. 1974). The Court of Appeal's earlier statement that "[a]t oral argument . . . both sides disclaimed co-authorship" (App. 35a n.6) is therefore *not* correct. This is also established conclusively in the audiotape of that argument provided to both counsel.

9. It should be noted that the Court of Appeals' references to ERB as a "sophisticated" corporation and to being perplexed that (Cont'd)

so, it adhered to longstanding law of the Second Circuit, as well as the decisions of all other Circuits that have applied the 1909 Act work for hire definition to commissioned works. (App. 24a-26a.) The Court stated that, under such law, whether or not the Books were works for hire was "essentially a dispute about the facts," and that "Judge Cote carefully considered the evidence and made precise findings to support her conclusion that the Books were created at the instance and expense of ERB." (App. 25a.)

In coming to this conclusion, in a part of the opinion in which Judge Katzmann did not join because he found it unnecessary to the decision, (App. 16a, 36a n.10), the Court noted the historical, case-by-case development under the 1909 Act of the definition of a work for hire as applied to commissioned works, and *sua sponte* wondered whether the decisions since 1965 had correctly extended the Second Circuit's 1939 decision in *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (2d Cir. 1939), in light of *CCNV*'s background discussion of these cases. (App. 22a-25a.) The Court

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(Cont'd)
"the daughter-in-law" of Edgar Rice Burroughs would incompletely correct the copyright application prepared by the publisher of the second Book to take into account the 1909 Act work for hire doctrine (App. 32a) overlooks facts that neither side disputed: Mrs. Marion Burroughs, who was not a shareholder, only became involved in ERB's business because its general manager, Robert Hodes, was fired for defrauding its owners, and because her husband and the other shareholders were too ill to serve. Before he was fired, Mrs. Burroughs was a homemaker and mother with no legal experience or prior involvement in the company's business. (JA 1753.) Mrs. Burroughs' 1979 correction of the copyright registration for the second Book was thus made by a person not involved in that application, in the parties' 1970-76 negotiations with respect to the Books at issue, in their creation, or in the parties' dealings with regard to rights in them. Unlike Disney, ERB always has been a small, family-owned business managed by one person from a three-room office. (JA 1747, 1752-53).

acknowledged that *CCNV*'s review of work for hire concerned the unrelated issue of how the 1976 Act defined works for hire by traditional employees, and also noted that in *CCNV* "the Court had no occasion to rule as to their continued viability for cases still governed by the 1909 Act." (App. 22a-23a.) After conjecturing how *CCNV*'s "account could be read" and what "the argument would be," the Court of Appeals found "insufficient basis" in *CCNV*'s "brief historical account" for declining to follow the Second Circuit's more recent "clear holdings," also accepted in other Circuits, on the test for determining whether an independent contractor's pre-1978 efforts constituted work for hire under the 1909 Act. (App. 23a-25a.) The Court concluded that there was no conflict between such case law and the relevant decisions of this Court, and reasoned that the historical review in *CCNV* likely fell beneath the status of dictum ("if dictum at all . . . dictum of a weak variety") and was not grounds to relieve it of its obligation to follow the clear precedent of the Circuit and all other Circuits that had considered the issue. (App. 24a-25a.)

REASONS FOR DENYING THE PETITION

Introduction

The Petition, relying on *CCNV*, requests this Court to review the question of whether the work for hire doctrine under the 1909 Act applies "only to works made by traditional employees in the regular course of employment," and not to "commissioned works." (Pet i.)

In their effort to present *CCNV* as disapproving the application of the 1909 Act work for hire doctrine to commissioned works, Petitioners pervasively blur the key distinction in *CCNV* between works by traditional employees and those commissioned from independent contractors. However, this Court repeatedly emphasized in *CCNV* that

there are "two mutually exclusive ways for works to acquire work for hire status," one for works prepared by traditional employees in the course of their employment and the other for works prepared by independent contractors on commission. *CCNV*, 490 U.S. at 747-48, *see id.* at 743, (noting "two mutually exclusive means" to become work for hire and that the two kinds of works for hire are "separate entities"), 744 n.10 (noting that Varmer study gave "separate" treatment to such "two categories" without indicating any "overlap").

Petitioners also acknowledge and quote from the above *CCNV* statement. (Pet. 17.) Yet Petitioner's entire presentation of *CCNV mixes* this Court's treatment of these two distinct categories, confusing the different considerations applicable to each. A most revealing example of this effort is found in Petitioners' use of ellipses to make it appear as if the Supreme Court's concern regarding the standard for defining "employee" in Section 101(1)[10] of the 1976 Act was a concern about commissioned works, newly defined in Section 101(2). (Pet. 7 n.7.) In seeking by this tactic to suggest inaccurately that this Court's statement applied to commissioned works, and that ERB unfairly won below simply because years later it had met a "hard not to meet" standard of demonstrating its supervising of the Books' artwork, *id.*, the Petition's quotation from *CCNV* leaves out the following italicized text:

> Moreover, petitioners' interpretation [that Section 101(1) embodies an actual control test] "leaves the door open for hiring parties, who have failed to get a full assignment of copyright rights from independent contractors *falling outside the*

10. For brevity, we refer to the two subdivisions of the definition of a "work made for hire" in Section 101 of the 1976 Act, 17 U.S.C. § 101 (2004), as Sections "101(1)" and "101(2)."

> *subdivision (2) guidelines*, to unilaterally obtain work-made-for-hire rights years after the work has been completed as long as they directed or supervised the work, a standard that is hard not to meet when one is a hiring party."

(Citation omitted). *CCNV*, 490 U.S. at 750 (underlining added to show Petitioners' omission in Pet. 7 n.7, quoting from *CCNV)*.

As shown below, when the proper distinctions are made between the rules applying to employee works and commissioned works, it becomes apparent that there are a series of good reasons to deny the Petition.

I. NEITHER THE COPYRIGHT CLAUSE OF THE CONSTITUTION NOR ANY STATUTORY OR JUDICIAL AUTHORITY RESTRICTS WORK FOR HIRE OWNERSHIP TO THOSE MAKING A SIGNIFICANT "CREATIVE CONTRIBUTION" TO A WORK.

Petitioners' arguments are built upon both misstatements of basic Constitutional and statutory copyright law principles and inaccuracies about facts found below not challenged in this Court.

The most obvious of these misstatements of the law is Petitioners' central assertion that "under the Copyright Clause, a hiring party is an 'author' only if it makes a significant creative contribution to a work." (Pet. 19.) [11]

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11. Petitioners have joined to this inaccurate statement of law the factual assertion that in the present case "there is no issue of any creative contribution by the commissioning party, ERB." (Pet. 19 n.14.) This is an outright falsehood that flies in the face of

(Cont'd)

In Justice Holmes' landmark opinion in *Bleistein v. Donaldson Lithography Co.*, 188 U.S. 239 (1903), this Court more than 100 years ago recognized that an employer need not make a creative contribution to be the copyright owner where the works were "produced by persons employed and paid by the plaintiffs in their establishment to make those very things." *Id.* at 248 (citations omitted). In both the 1909 and 1976 Acts Congress similarly expressly chose to afford work for hire copyright ownership to a hiring party without prescribing any such requirement. 17 U.S.C. §§ 24, 26 (1909 Act); 17 U.S.C. §§ 101(1)-(2), 201(b) (1976 Act). As this Court has explained, Congress did so without differentiating the creative efforts of traditional employees and commissioned works by independent contractors in recognition of the hiring party's key role in initiating and taking the risk of production. *See CCNV*, 490 U.S. at 741. This Court also specifically enforced this decision of Congress in the definition of "work made for hire" in Section 101 of the 1976 Act, 17 U.S.C. § 101, and never questioned the constitutionality or wisdom of Congress' decision in the 1909 Act to leave to the courts the development of the work for hire doctrine for both traditional employee and commissioned works, *id.* at 744, or in the 1976 Act to expressly provide in Sections 101(1)-(2) and 201(b) that the employing or engaging party "is considered the author" and initial copyright owner of works made for hire. *See, e.g.*, *id.* at 737.

(Cont'd)
the District Court's undisputed fact findings that the literary works of Edgar Rice Burroughs form the basis for the Books' texts and illustrations, that ERB's employee Hodes prepared the textual adaptations, that the latter were works of authorship and even that Hodes played a creative role in regard to the Tarzan drawings themselves. (*See* 5-6, *supra*).

II. THERE IS NO REASON TO REVIEW THE 1909 ACT'S WORK FOR HIRE TEST PERTAINING TO COMMISSIONED WORKS WHEN THIS COURT HAS APPROVED IT AND NOT SUGGESTED IT IS ERRONEOUS OR UNFAIR, AND WHEN CONGRESS HAS KEPT IT IN PLACE IN THE 1976 ACT.

A. The 1909 Act Work For Hire Test for Commissioned Works.

1. The Basis for Work for Hire Ownership

As noted by this Court, "[t]he economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.'" *Mazer v. Stein*, 347 U.S. 201, 219 (1954); *see also* App. 82a ("In sum, the Copyright Clause grants limited property rights to authors 'as a financial incentive to create,' *Attia v. Society of the New York Hosp.*, 201 F.3d 50, 54 (2d Cir. 1999), all with a view to the 'general good.' *Id.*").

In recognition of the facts that commissioned works, like those prepared by regular employees, are prepared at the instance, direction and economic risk of a publisher or producer, *see CCNV*, 490 U.S. at 741 (discussing 1976 Act), the 1909 Act work for hire "instance and expense" test "is consistent with the underlying purpose of copyright law." (App. 85a.) As explained herein by District Judge Cote,

> [i]n the work for hire context, the law directs its incentives towards the person who initiates, funds and guides the creative activity, namely, the employer, but for whose patronage the creative

> work would never have been made. Copyright law 'is intended to motivate the creative activity of authors . . . by the provision of a special reward,' *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 429, 78 L. Ed. 2d 574, 104 S. Ct. 774 (1984); and for this reason it grants the rewards of authorship to the employer 'when the motivating factor in producing the work is the employer who induced the creation.' *Siegel v. Nat. Periodical Publications, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974)

(Citation omitted) (App. 85a.)

In applying this principle to this case, the District Court's fact findings included the following:

> If the purpose of copyright law is to promote original expression . . . then the holder of a copyright in an underlying work must be able to hire others – including great artists – to create original expression that is derivative of that underlying work without risking loss of exclusive control over the copyright. ERB undertook to do precisely that when it commissioned Hogarth to illustrate the Books . . . It is not only the objective facts underlying the instance and expense test that dictate this result. It is just as apparent that at the time Hogarth agreed to produce the books, it was the joint understanding and intent of the parties that, for purposes of copyright law, the books would be works for hire.

(App. 96a-97a.)

2. The 1909 Act Definition of Work for Hire Owes its Origin to the Judiciary and Was Developed on a Common Law, Case-by-Case Basis

Even before the codification of a work for hire doctrine in the 1909 Act, as noted above, this Court applied a judicially-crafted work for hire doctrine to hold that the copyright in three chromolithographs produced by formal, salaried employees were owned by their employer. *Bleistein*, 188 U.S. 239, 248.

The 1909 Act provided an original term of copyright protection for 28 years and a renewal term of another 28 years. 17 U.S.C. § 24 (1976) (repealed). The renewal term was a distinctive factor of the 1909 Act not carried forward for works created after the January 1, 1978 effective date of the 1976 Act. *Bleistein* was effectively codified in the 1909 Act by its provision that "[i]n the interpretation and construction of this title . . . the word 'author' shall include an employer in the case of works made for hire." 17 U.S.C. § 26 (1976) (repealed). The statute, however, did not define the terms "employer" or "works made for hire," and therefore left their meaning for courts to determine. *CCNV*, 490 U.S. at 744 (under 1909 Act "task of shaping these terms fell to the courts").

In *Playboy Enterprises, Inc. v. Dumas*, 53 F. 3d 549 (2d Cir. 1995), *cert. denied*, 516 U.S. 1010 (1995), Second Circuit Judge Oakes noted that

> [u]ntil the mid-1960s, federal courts applied the work for-hire doctrine only to cases in which a traditional employer/employee relationship existed between the hiring party and the creator of the work. *See Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 749, 104 L. Ed. 2d 811, 109 S. Ct. 2166 (1989). In 1965, however, the Ninth Circuit applied the doctrine to a case in which an employer commissioned a work by an independent contractor.

> *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300 (9th Cir. 1965).

Playboy, 53 F.3d at 554. Soon thereafter, in 1966 the Second Circuit adopted that holding in *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565 (2d Cir. 1966), ruling expressly on the ground of the works for hire doctrine that – as restated by *Playboy* – "an independent contractor is an 'employee' and a hiring party an 'employer' for purposes of the [1909 Act] if the work is made at the hiring party's 'instance and expense.'" *Playboy*, 53 F.3d at 554; *see CCNV*, 490 U.S. at 749 (noting that *Brattleboro* "applied the work for hire doctrine to commissioned works").[12] That these observations are correct and no "misstatement[]," as Petitioners claim (Pet. 9-10), is made clear from the following statement in *Brattleboro*:

> This so-called 'works for hire' doctrine was recognized earlier by the Supreme Court in *Bleistein v. Donaldson*, 188 U.S. 239, 248, 23 S. Ct. 298, 47 L. Ed. 460 (1903), and was later codified in the Copyright Act. . . . While the "works for hire" doctrine has been invoked most frequently in instances involving music publishers . . . it is applicable whenever an employee's work is produced at the instance and expense of his employer. In such circumstances, the employer has been presumed to have the copyright. . . .
>
> *We see no sound reason why these same principles are not applicable when the parties bear the relationship of employer and independent contractor.*

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12. Although sometimes referred to as a "presumption," the operative "instance and expense" inquiry constitutes a definitive, substantive fact-based test to determine whether a work is for hire, the result of which can only be altered by an "express" agreement to the contrary contracting around the employer's work for hire ownership. *See Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 289-92 (2d Cir. 2002); *Playboy*, 53 F.3d at 554-55.

Brattleboro, 369 F.2d at 567-68 (emphasis added) (citations omitted).

The Second Circuit subsequently also defined the "instance and expense" test as being met when "the motivating factor in producing the work was the employer who induced the creation." *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1216 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972) (citation omitted); *Siegel v. Nat'l Periodical Publ'ns, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974) (quoting *Picture Music*). In *Picture Music*, the Second Circuit in 1972 also noted that another "essential element of the employer-employee relationship [is] the right of the employer to 'direct and supervise' the manner in which the writer performs his work,'" which was satisfied when the hiring party has the power to "accept, reject, or modify" the work at issue. *Picture Music*, 457 F.2d at 1216-17 (citations omitted). In *Picture Music* the Second Circuit applied the "instance and expense" test to determine that the hiring party owned the renewal copyright for a commissioned derivative work based upon the hiring party's pre-existing underlying musical work. *Id.*[13]

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13. Based upon *Brattleboro*'s text, *Picture Music* was obviously correct in stating that *Brattleboro* "expressly applied the statutory work for hire doctrine to the case of an independent contractor." *Picture Music*, 457 F.2d at 1216. Most interestingly, in *Picture Music*, professor and treatise author Melville Nimmer filed a Certiorari Petition that this Court denied 32 years ago, 409 U.S. 997 (1972), requesting review of the identical issue Petitioners now ask this Court to review in 2004 on the basis of the same arguments Petitioners now repeat about *Brattleboro*. As stated in Professor Nimmer's Petition in *Picture Music*, the question presented was whether "an independent contractor" whose authorship endeavor was to create a derivative work "may be denied the right to renewal copyright in said song on the ground that an independent contractor relationship is a 'for hire' relationship within the meaning of 17 U.S.C. Section 24." Petition for Writ of Certiorari, *Picture Music, Inc. v. Bourne*, No. 72-302, October Term, 1972, at 2.

The 1909 Act "instance and expense" test for commissioned works created before 1978 has been subsequently applied and adhered to again and again in every Circuit where a copyright ownership claim on the basis of work for hire for a commissioned work has come up. *See, e.g., Murray v. Gelderman*, 566 F.2d 1307, 1310 (5th Cir. 1978); *Easter Seal Soc'y for Crippled Children and Adults of Louisiana v. Playboy Enters.*, 815 F.2d 323, 327, 330 n.13 (5th Cir.), *cert. denied*, 485 U.S. 941 (1987); *Real Estate Data, Inc. v. Sidwell Co.*, 907 F.2d 770, 773 (7th Cir. 1990); *Playboy*, 53 F.3d at 553-54. (*See also* App. 24a-25a.)

B. The Court's Opinion in CCNV Accepted and Did Not Question The Correctness or Viability of The 1909 Act Work for Hire Test for Commissioned Works

As shown below, contrary to Petitioners' contentions, this Court's decision in *CCNV* accepted as good law the decisions consistently applying the 1909 Act "instance and expense" test to *commissioned works*, and did not express or imply in any way the view that these decisions were erroneous, or ever lost their viability, with regard to *commissioned works*.

This Court's decision in *CCNV* did not involve the question of whether the 1976 Act carried forward the three requirements to establish that a 1909 Act commissioned work was one for hire, or whether the cases that developed these criteria remained good law for 1909 Act commissioned works, but only the criteria for defining a traditional "employee" under section 101(1) of the 1976 Act. Only with regard to *that* definition did this Court consider – and decline to hold – that an actual control/right of control element was determinative in deciding whether a work was one by an "employee" under Section 101(1). Instead, *CCNV*, following the Fifth Circuit's approach in *Easter Seal*, held that common law agency principles would provide the series of

factors to be considered in determining whether one was an "employee" under the 1976 Act:

> We therefore conclude that the language and structure of § 101 of the Act do not support either the right to control the product or the actual control approaches. The structure of § 101 indicates that a work for hire can arise through one of two mutually exclusive means, one for employees and one for independent contractors, and ordinary canons of statutory interpretation indicate that the classification of a particular hired party should be made with reference to agency law."

CCNV, 490 U.S. at 742-43 (footnote omitted). Justice Marshall thereafter referred to and applied a non-exhaustive list of general common law agency factors, including but not limited to "the hiring party's right to control the manner and means by which the product is accomplished." *Id.* at 751.

1. The *CCNV* Opinion

As noted above, in *CCNV* the Court was *not concerned with the ownership status of commissioned works* under the 1909 or 1976 Act, but only with the provision of the 1976 Act which defines as "a work made for hire" a "work prepared by an employee within the scope of his or her employment." 17 U.S.C. § 101(1); *CCNV*, 490 U.S. at 738.[14] The specific issue was *what this subdivision of the 1976 Act meant* by its use of this language in defining one of the two "mutually exclusive ways for works to acquire work for hire status: one for employees and the other for independent contractors." *CCNV*, 490 U.S. at 747-48; *see* 737-40. (*Accord* App. 24a.) This Court had to choose among the parties' contentions as to what Congress intended. Before doing so, however, Justice

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14. The branch of the 1976 Act definition of a "work made for hire" that deals with commissioned works by *independent contractors* is found in its other subdivision, Section 101(2).

Marshall noted that "[c]lassifying a work as 'made for hire' determines not only the initial ownership of its copyright, but also the copyright's duration, § 302(c), *and the owners' renewal rights*, § 304(a), *termination rights*, § 203(a), and right to import certain goods bearing the copyright § 601(b)(1)." *Id.* at 737 (emphasis added). In an ensuing passage, *CCNV* also reiterated the following statement that we consider to have particular application to the case-by-case, judicial development of the meaning of work for hire under the 1909 Act: "[i]t is . . . well established that '[w]here Congress uses terms that have accumulated settled meaning under . . . the common law, a Court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms.'" *Id.* at 739 (citations omitted).

Since the 1976 Act does not define the terms "employee" or "scope of employment," *CCNV* went on to evaluate four possible interpretations that emerged from the briefs. *Id.* at 738-39. The *CCNV* petitioners urged that the Court hold decisive *one* of the elements, the right of control, taken from the above-discussed, judicially-developed 1909 Act "instance and expense" test devised to determine whether *commissioned works* (not those by traditional employees) were works for hire. *Id.* at 738-39. As explained by this Court: "The Act does not define these terms. In the absence of such guidance, four interpretations have emerged. The first holds that a work is prepared by an employee whenever the hiring party retains the right to control the product." (footnotes and citations omitted) *Id.* at 738. As part of the ensuing discussion explaining why the Court rejected this interpretation and instead followed the Fifth Circuit in adopting the common-law agency meaning of "employee," Justice Marshall reviewed the historical evolution of the 1909 Act work for hire doctrine in the cases where the actual control/right of control requirement had been made *one* part of the "instance and expense" test applicable to *commissioned works* by

independent contractors. This review began with a description of the status of the case law "[i]n 1955." *Id.* at 743. Under that case law, a commissioned creator was presumed to have impliedly conveyed his/her copyright to the hiring party where, as in the 1939 case *Yardley*, an artist, without reserving his rights, had accepted a commission to paint a picture for another who would pay him. *Id.* at 743-44; *Yardley*, 108 F.2d at 31. But Justice Marshall's review did not stop there. The opinion went on to note the Second Circuit's later decisions in *Brattleboro*, *Picture Music* and *Siegel*, applying the work for hire instance and expense test to independent contractors. *Id.* at 748-49.

Although this Court in *CCNV* declined to borrow and make decisive the actual control/ right of control requirement from the *commissioned works* branch of 1909 Act case law to the *employee* branch of the 1976 Act work for hire definition, Justice Marshall's opinion in no way – anywhere – suggests or implies that the application of the instance and expense test to determine copyright ownership of *commissioned works* under the 1909 Act was unsound or improper in any respect. Indeed, *CCNV* actually stands for the opposite proposition, first, in its above-quoted express reminder that the theretofore judicially-developed meaning of work for hire would continue, going forward, to determine "renewal rights", *id.* at 737, and, thereafter, in its above-quoted reiteration of the canon of construction that "[w]here Congress uses terms that have accumulated settled meaning under . . . common law, a court must infer, unless the statute otherwise dictates, that Congress mean to incorporate the established meaning of these terms." *Id.* at 739.

In view of the above, Petitioners' sharp objection to the relevance of the Fifth Circuit's 1988 opinion in *Easter Seal* on the ground that it preceded *CCNV*, (Pet. 12-13 n.10), has it backwards, and misses the point that in *CCNV* in 1989 the Supreme Court actually *followed Easter Seal*, and cited other related Fifth Circuit precedents, without suggesting or questioning the correctness of *Easter Seal's* discussion of the

work for hire doctrine as applied to commissioned works. *See CCNV*, 490 U.S. at 736, 739, 750 n.17.

2. *CCNV* and The Opinion Below and Nimmer

Although our discussion could end here, since the only basis for the Petition is the Second Circuit's consideration of *CCNV's* above-summarized historical review, we believe the following commentary on this aspect of the Court of Appeals opinion will be illuminating. Although the Second Circuit correctly concluded that *CCNV*'s historical review of the 1909 Act work for hire decisions provided no basis for disregarding such well-established law (App. 22a-25a), its discussion of *CCNV*'s recounting of this history is incomplete and somewhat inadequate.[15] First, the Court of Appeals did not take into account the context in which the Supreme Court reviewed the history. Thus, the opinion below made no mention of either the Supreme Court's above-noted reminder of the continuing role that the 1909 Act work for hire definition would play or Justice Marshall's restatement of the governing canon of legislative construction. *Compare* App. 22a-24a *with CCNV*, 490 U.S. at 737, 739. Second, the Second Circuit did not acknowledge that Justice Marshall's reference to the early cases, such as *Yardley*, was only made in discussing the state of the case law as of "1955."[16] *Compare* App. 23a *with CCNV*, 490 U.S. at 743. Third,

15. As noted above, Judge Katzmann declined to join in this part of the opinion finding it unnecessary to the decision. (App. 16a, 36a n.10.)

16. Petitioners' version of what was decided in *Yardley*, (Pet. 16-17), and accusations that *Brattleboro* and *Picture Music* misstated *Yardley*, (*id.* at 9-10), are "much ado" and themselves inaccurately present what *Yardley* held. In *Yardley*, an artist had secured the copyright for a commissioned mural. The Second Circuit there held that "[w]hen an artist accepts a commission to paint a picture for another to pay, he sells not only the picture" but also the copyright "unless the copyright is reserved" to him by the contract. *Yardley*, 108 F.2d at 30-31. But the Court stated that "[w]hether [the (Cont'd)

Judge Newman failed to point out this Court's ensuing citation in *CCNV*, without criticism or comment, to the subsequent *Brattleboro*, *Siegel*, and *Picture Music* decisions *after 1966* extending the work for hire doctrine. *Compare* App. 22a-24a *with CCNV*, 490 U.S. at 748-49. Finally, in stating that in *CCNV*, "[t]he Court rejected the contention that Congress, in enacting the 1976 Act, had intended to incorporate commissioned works cases decided under the 1909 Act such as *Picture Music* and *Brattleboro*," (App. 22a), the Second Circuit missed the point that all this Court rejected was *the incorporation, as decisive, into the traditional employee prong of the 1976 Act* of the actual control element from such commissioned work cases. *CCNV*, 490 U.S. at 738-39, 750.[17] As noted in Point II(B)(1) and in Point II(C) immediately below, and in *CCNV* itself, the 1909 Act commissioned work case law was carried forward and has continued significance to renewal rights and copyright termination rights under the 1976 Act. *See CCNV*, 490 U.S. at 737.

Certain comments in the Nimmer treatise, *Nimmer on Copyright*, upon which Petitioners also rely, appear to have

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(Cont'd)
artist's] registration of copyright should be deemed void because he was not the 'proprietor' of the right to apply for it, or should be deemed to be valid but held in trust for the city, *we need not decide*" (emphasis added) *Id.* at 32; *accord* App. 18a. Under section 24 of the 1909 Act only the "proprietor" who procured the original copyright (in that case the employer for whom the work was done for hire) may apply for the renewal. Therefore, as noted in the Varmer study, the statement in *Yardley* that the artist's "executor could legally have obtained a renewal . . . must be considered dictum." Varmer, *Works Made for Hire and On Commission, Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Senate Commission on the Judiciary*, Study No. 13, 86th Cong., 2d Sess, at 130 n.7.

17. Because this section of the Second Circuit opinion is built on certain conjectures, the discussion is more in the nature of musings than definitive reasoning. (*See, e.g.*, App. 23a.)

affected the Second Circuit's discussion. Nimmer's arguments that the Second Circuit precedents adhered to for almost four decades, including *Picture Music*, were erroneous, are seriously misleading. In § 9.03[D], Nimmer argues that the Second Circuit's 1972 decision in *Picture Music* erred in holding that under the 1909 Act the renewal right for a work for hire prepared by an independent contractor inures to the commissioning party. Melville B. Nimmer & David Nimmer, 3 *Nimmer on Copyright* § 9.03[D] at 9-28.2-28.4 (2004) ("*Nimmer*"). Nimmer also argues that in 1989 the principles enunciated by the Supreme Court in *CCNV* "seem to resolve this dispute." *Id.* at 9-28.3. As noted above, however, we find that the reverse is true of *CCNV*, and that there is no support for these assertions either in the *CCNV* decision, from which Nimmer has selectively quoted,[18] or in *Brattleboro*, which he also invokes to support this view.[19] As noted above, the excerpt from *CCNV* that Nimmer quotes is from the portion of the Supreme Court's opinion describing the evolution of the work for hire doctrine *as of 1955*, a date left out of the Nimmer quotation. *CCNV*, 490 U.S. at 743-44. Another omission by Nimmer, also noted above, is that in *CCNV* Justice Marshall goes on to note that *by 1966* "a federal court for the first time applied the work for hire doctrine to commissioned works," citing *Brattleboro* as an example. *Id.* at 749. Still another omission discussed above is that *CCNV* cited

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18. The Nimmer treatise also admits that in 1972 Professor Nimmer represented the losing party, Picture Music, in *Picture Music*. 3 *Nimmer* § 9.03[D] at 9-28.2 n.96; *accord* App. 21a. His treatise still appears to be attempting to argue the matter today.

19. Nimmer inexcusably states that *Brattleboro*, cited by the Second Circuit as the basis for its decision in *Picture Music* "point[s] to a contrary result." 3 *Nimmer* § 9.03[D] at 9-28.3 n.98. However, as noted above, in *CCNV* the Supreme Court expressly recognized that *Brattleboro* "applied the work-for-hire doctrine to commissioned works." *CCNV*, 490 U.S. at 749. The Second Circuit herein agreed, stating that *Brattleboro* "*did identify* the 'work for hire' doctrine as 'the grounds' for the Court's disposition." (App. 19a (emphasis added); *see* 15-16 *supra*, quoting *Brattleboro*).

Siegel, *Picture Music* and *Brattleboro* elsewhere, without criticizing or questioning their application of the extended work for hire doctrine in any way insofar as it is related to *commissioned works*.[20] *CCNV*, 490 U.S. at 748-49.

C. Congress Has Also Repeatedly Approved The 1909 Act Work For Hire Test As Applied to Commissioned Works Created Before 1978

As shown below, not only the Supreme Court but also Congress has approved the judicially-developed 1909 Act work for hire definition as applied to commissioned works. It has done so by continuing to give this case law-developed test a critical role in defining an author's rights since January 1, 1978 under the 1976 Act and its amendments.

A principal goal of the 1976 Act was to lengthen the term of protection to a life-plus-50 year term that would conform to that of "a very large majority of the world's countries." *See* H.R. Rep. No. 94-1476, 94th Cong. 2d Sess. (1976) at 133-35 ("House Rep."). In accomplishing this objective, the 1976 Act eliminated the 1909 Act's two 28-year terms of copyright protection, totaling 56 years, in favor of one term for all post-1978 works consisting of the life of the author plus 50 years (at the time) after his or her death. 17 U.S.C. § 302(a) (1976) (amended 1998). In order to give a like benefit to already subsisting, pre-1978 copyrights, i.e., those in their first or renewal term upon the new statute's January 1, 1978 effective date, Congress increased their 56-year term of protection to 75 years (at the time) by adding 19 years to their 28 year renewal terms. 17 U.S.C.

20. We also note that Nimmer does not question the correctness of applying the work for hire doctrine to cases where the works at issue are derivative works: "[i]t may be that *Picture Music* is limited to the situation where the commissioning party supplies to the independent contractor an underlying work upon which the independent contractor fashions a derivative work." 3 *Nimmer* § 9.03[D] at 9-28.3 (citations omitted). This is the case here, where the Books were derivative works based on Tarzan stories, the copyrights in which were held by ERB. (App. 25a-26a.)

§ 304(a) (1976) (amended 1992, 1998); *see* House Rep. at 139. However, in recognition of the fact that the renewal term rights of many authors had "already been transferred," Congress decided that "benefit from the extended renewal term" should go to "the author or the dependents of the author," not grantees:

> The arguments for granting rights of termination are even more persuasive under section 304 than they are under section 203; the extended term represents a completely new property right, and there are strong reasons for giving the author, who is the fundamental beneficiary of copyright under the Constitution, an opportunity to share in it.

House Rep. at 140.[21]

Although the new legislation achieved this objective in 1976 by creating the device of copyright termination, thereby enabling authors to recapture their renewal terms rights in the 19 year extended renewal period, the termination right expressly did not apply to "works made for hire." Thus, Section 304(c) provided:

> In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, *other than a copyright in a work made for hire*, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by any of the persons designated by the second proviso of subsection (a) of this section, otherwise than by will, is subject to termination. . . .

17 U.S.C. § 304(c) (1976) (amended 1992, 1998) (emphasis added).

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21. The unique two-decade drafting process leading to the 1976 Act, *see CCNV*, 490 U.S. at 743, has given its legislative history a special status in its interpretations.

When Congress amended the copyright statute to lengthen the term of copyright protection by an additional 20 years in the 1998 Sonny Bono Copyright Term Extension Act ("CTEA"), it again made this extension applicable to already subsisting copyrights, including those in their previously extended 1909 Act renewal terms (to give them a total of 95 years of protection), and again provided a termination right enabling authors to recapture their previously granted rights in the second 20-year extension of the renewal term. 17 U.S.C. §§ 304(a)(2) & 304(d) (2004). This second termination right, applicable to the CTEA's 20-year extension, like its predecessor in Section 304(c), expressly did not apply to "a work made for hire." 17 U.S.C. § 304(d) (2004).

In view of Congress' repeated, clear decisions in 1976 and 1998 to make an author's termination right in a 1909 Act work inapplicable to a "work made for hire," the issue of whether a work benefiting from those renewal term extensions is one made for hire continues to have significance for authors and their families. The same can be said of the parallel termination right provided in Section 203 of the 1976 Act with regard to works created after January 1, 1978. Section 203 provides a similar right to authors of post-1978 works to terminate 35-year-old grants, but also expressly states that it will only apply to works "other than a work made for hire." 17 U.S.C. § 203(a)(3) (2004).

In drafting the 1976 Act, Congress must have been and, as noted by this Court, *see CCNV*, 490 U.S. at 737, was especially aware that whether a work was one "made for hire" was especially important to copyright termination rights under Section 203(a), applicable to 1978 and later works, and Section 304(c) and (d), applicable to pre-1978 works in their extended renewal terms, as well as to the ownership provisions of Section 304(a) pertaining to renewal term rights for 1909 Act works. In part because of the critical importance to authors of the availability of the Section 203 termination right for new, post-1978 works, Congress was especially focused on the text to be

used in Section 101's two-branch "work made for hire" definition, endorsing therein "a series of carefully crafted compromises" between authors and publishers. *CCNV*, 490 U.S. at 747-48 n.14. The *CCNV* opinion also reiterated the canon of statutory construction that its use of terms that have been given "settled meaning" in the case law interpreting them meant that Congress intended to incorporate such established meanings into a statute. *Id.* at 739.

In such circumstances, there is no good reason for this Court to review the long-settled law defining a work for hire under the 1909 Act, as Petitioners request. Congress' decision to carry forward after January 1, 1978 the crucial importance of work for hire status to existing 1909 "renewal rights," and to the newly-created termination rights relating to extended renewal term copyrights, without altering the judicially-developed definition and test of whether a commissioned work is one for hire, can only signify its approval and endorsement of the correctness of the case law that petitioners would now like this Court to revisit and overthrow more than a quarter of a century after the fact.

III. EVEN IF THE JUDICIAL EXTENSION OF THE 1909 ACT WORK FOR HIRE DEFINITION WERE NOT APPLICABLE, THERE IS NO BASIS FOR CHANGING THE RESULT IN A CASE WHERE, AS HERE, THE COMMISSIONED EFFORT WAS TO ASSIST IN PREPARING A DERIVATIVE WORK BASED UPON A COPYRIGHTED WORK OWNED BY THE HIRING PARTY.

It is undisputed that the Books were based upon Tarzan stories for which copyright protection was extant in 1972 and 1976, and that the copyrights for these stories were owned by ERB. As under present law, under the 1909 Act only the copyright owner possessed the right to create or license the preparation of derivative works based upon the original work. *Stewart v. Abend*, 495 U.S. 207, 223-24 (1990) ("the well settled

rule" under 1909 Act pertaining to extent of derivative author's copyright ownership was "made explicit" in section 103 of 1976 Act); *see Playboy*, 53 F. 3d at 556; *Picture Music*, 457 F.2d at 1216. (See App. 25a-26a.) As a result, without ERB's permission, no artist had a right even to prepare illustrations of the Tarzan character. (App. 92a.) With regard to illustrations of the Tarzan character published in the Books, these could not have come into existence without ERB, who initiated and authored their creation, who commissioned the artist, who supplied the accompanying textual adaptations, who found the publisher, and who undertook the financial risk and burdens to oversee their completion. (*E.g.*, App. 86a-94a.)

In recognition of the legal genesis of such a derivative work project, even the most ardent – and we submit totally unfounded and outdated – criticism by the Nimmer treatise of *Picture Music*, acknowledges the fairness and correctness of the result there, and consequently here. 3 *Nimmer* § 9.03[D] at 9-28.3. As Nimmer states: "It may be that *Picture Music* is limited to the situation where the commissioning party supplies to the independent contractor an underlying work upon which the independent contractor fashions a derivative work." *Id.*

The Second Circuit's opinion here, while not specifically addressing the aspect of the District Court decision that made the same point, (App. 92a), affirmed it in full. (*See* App. 25a-26a.)

IV. TO ALTER BELATEDLY THE LONG-SETTLED COPYRIGHT OWNERSHIP RULE BY CONFINING WORK FOR HIRE STATUS OF 1909 ACT WORKS TO THOSE PREPARED BY TRADITIONAL EMPLOYEES WOULD CREATE CHAOS AND DEFEAT THE GOAL OF ENHANCING CERTAINTY IN COPYRIGHT OWNERSHIP.

Petitioners seek a ruling from this Court in 2004 that will overturn the work for hire "instance and expense" test that has been applicable since 1965 to all copyrighted works produced

by independent contractors before January 1, 1978. Over these years, innumerable publishers and producers of creative works, including those who, like ERB, took the risk of such initiatives by authorizing and investing in the preparation of derivative works based on their own already-established and successful properties, have understandably relied upon the uniform, consistent and well-reasoned judicial development of the 1909 Act work for hire definition.[22] In many cases, the hiring parties' titles undoubtedly have remained in place for decades, during which such copyright ownership served as the basis for related and already performed, or ongoing, licensing and distribution transactions.

The only justification that Petitioners offer for seeking such a chaotic consequence is one that has not only been rejected by all the precedents they would like to destroy, but also by Congress in drafting the 1909 and 1976 Acts, as well as this Court in applying the work for hire rules of the 1976 Act. On the basis of the policy of rewarding authors for their creations, Petitioners insist that work for hire status should be allowed only for works prepared by traditional employees, not to commissioned works initiated and created at a hiring party's risk. However, notwithstanding the basic policy to reward authors for their works, Congress chose not to so restrict work for hire copyright ownership, and allowed the courts to extend work for hire status to works beyond those prepared in the course of the traditional employer/employee relationship. *See* 17 U.S.C. §§ 101(2) and 201(b), providing that in the case of a work for hire the hiring party "is considered the author."

In *CCNV*, this Court discussed at length the work for hire doctrine under both the 1909 and 1976 Acts. With regard to the latter, it acknowledged the nature and context of section 101(2)

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22. Here, ERB suffered significant losses in connection with the Books, both of which were commercial failures. (App. 61a, 66a.) For the second Book, which was remaindered with its release, ERB never even received any accounting. (App. 66a.)

and, with regard to the former, it did not make any statement that would support in any way Petitioners' extreme and untenable request here, on policy grounds or otherwise. (*See* Point II B.)

Finally, in *CCNV* the Supreme Court expressly recognized that "[i]n a 'copyright marketplace,' the parties negotiate with an expectation that one of them will own the completed work. . . . With that expectation the parties at the outset can settle on relevant contractual terms, such as the price for the work and the ownership of reproduction rights." *CCNV*, 490 U.S. at 749-50 (citations omitted). This reality has particular relevance to the injustice of Petitioners' desire thirty years after the fact to count for naught ERB's reasonable and legitimate expectations regarding the origin of Books here, created at ERB's instance and expense. If *CCNV* rejected a particular construction of the 1976 Act's work for hire provisions because it "would impede" the 1976 Act's "paramount goal of enhancing predictability of copyright ownership," *id.* at 749, this same consideration should apply *a fortiori* to this case.

CONCLUSION

For the reasons set forth above, this Court should deny Petitioners' Petition for a Writ of Certiorari.

Respectfully submitted,

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